

BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION
AGENDA
TUESDAY, DECEMBER 13, 2016
(Immediately Following the Retirement Board of Trustees' Meeting @ Approximately 2:30 P.M.)
COMMISSIONERS CHAMBERS
515 CENTER AVENUE - 4TH FLOOR
BAY CITY, MI 48708

PAGE	I.	CALL TO ORDER
	II.	ROLL CALL
	III.	MINUTES
1 - 5	1.	NOVEMBER 15, 2016
	IV.	PUBLIC INPUT
	A.	C.S MCKEE – JEFF DAVIDEK, VICE PRESIDENT, MARKETING MANAGER
6 - 8	B.	MONTHLY REPORTS - RES NO. 2016-20
	1.	PORTFOLIO VALUE - 1/01/16 - 11/30 /16
	2.	CHANGE IN BOOK AND MARKET VALUE – 10/31/16
9 - 14	3.	MONEY MANAGER REPORTS
	a.	CS MCKEE – ENDING 10/31/16
	b.	MFS – ENDING 10/31/16
15-16	4.	RECAPTURE SERVICES
	a.	CAPIS – 10/31/16
17 – 18	5.	VEBA YTD BUDGET REPORT 11/30/16
19	6.	INVOICES APPROVED – 11/30/16
20- 21	C.	NOTICE OF PULBIC MEETINGS 2017 – RES NO 2016-21
22 – 24	D.	REVISED 2017 BUDGET – RES NO 2016-22
	V.	ANNOUNCEMENTS
	A.	NEXT REGULAR MEETING - TUESDAY, JANUARY 10, 2017 IMMEDIATELY FOLLOWING THE RETIREMENT BOARD OF TRUSTEES MEETING AT APPROXIMATELY 2:30 P.M. , COMMISSIONERS CHAMBERS, 515 CENTER AVENUE - 4 TH FLOOR, BAY CITY, MI 48708
	VI.	UNFINISHED BUSINESS
	VII.	NEW BUSINESS
	VIII.	MISCELLANEOUS BUSINESS
	IX.	ADJOURNMENT

MINUTES BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION (VEBA)
NOVEMBER 15, 2016 - REGULAR MINUTES

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NOTE: In addition to these typed minutes, this Board meeting was also recorded. These recordings are available for review in the Retirement Office.

The meeting of the Board of Trustees was held on November 15, 2016 at 2:15 p.m. in the Commission Chambers, 4th Floor, Bay County Building, 515 Center Avenue, Bay City, Michigan. Roll was taken.

Trustees Present: Chairperson Gray, Mr. Brzezinski, Mr. Coonan, Ms. Gonzales, Mr. Gromaski, Mr. Krygier, Mr. Morse, and Mr. Starkweather.

Trustees Absent: Mr. Pett

Also Present:

Consultant: The Bogdahn Group: Howard Pohl and Peter Brown.

Secretary: Jan Histed

Retirement Administrator: Katie Meeth

Corporation Counsel: Shawna Walraven

The meeting was called to order by Chairman, Steve Gray at 2:15 p.m.

MOTION 36: Moved, supported and carried to excuse Trustee Pett.

MOTION 37: Moved, supported and carried to approve the minutes, as printed, from the October 11, 2016 regular meeting.

Mr. Gray called for public input. As there was no public input, he moved onto petitions and communications.

Present today were Howard Pohl and Peter Brown from The Bogdahn Group to present the 3rd quarter report. A copy of his presentation was provided to Trustees, in advance, via the web.

Mr. Brown presented the report on the VEBA. The Fund showed net flows at just over \$26,000 and a return on investment for the quarter at about \$1.6 million. The Fund total at the end of September was \$45,465,406. For the fiscal year with net flows and return on investment, we have added about \$3 million to the Portfolio. We have added about \$4.5 million in total value over a one-year period from \$40.9 million to \$45.5 million. It is capturing what is going on in the market but the Portfolio is more conservative than the Retirement Plan.

Looking at a recap of asset allocation, the Portfolio is comprised of 58% U.S. stocks and 42% of U.S. fixed income. Compared to the Investment Policy Statement, the Fund is slightly overweight in U.S. equities and slightly underweighted in fixed income. That is really a result of the stronger performance they have seen in the stock market relative to fixed income.

Dodge and Cox is slightly overweight with a position of about 19.5% just outside of its guidelines of 19%. C.S. McKee is slightly underweight with a position of about 41.7% minimum allocation of about 42%. It is still within reason but with an understanding that the market performance is really what has generated that.

MINUTES BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION (VEBA)
NOVEMBER 15, 2016 - REGULAR MINUTES

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Overall performance showed a strong quarter. The Portfolio is up 3.5%. It was ahead of the Policy and also ahead of the median of the universe of similar funds out there. It ranked within the 47th percentile. It beat the benchmark bogey and above top half in the median in the marketplace.

Fiscal year to date, the Portfolio is up almost 6.8% although that is a little behind the policy which would have been up 8.4%. As a result, it is just above the median at 42% ranking and still head of the median of the entire universe up above 6.5%. The one year had strong performance up over 10.5%, but slightly under the benchmark which was up just over 11%. Still nearly top quartile and significantly above the median of the universe which was up 9.5%.

Domestic equities have really been the driver of the Portfolio for the quarter. The Portfolio is up 5.9% and ahead of the policy which was up 4.8% and within the top 16%. Dodge and Cox had a very strong quarter up 8.8% versus 3.5% top decile. MFS was up 4.5% versus 4.6% just under that large cap growth and just below median. Lord Abbett the midcap value is up 4.4% versus 6.2% so behind the index and also bottom quartile.

Similar statistics on fiscal year to date where Dodge and Cox was a strong performer although a little under their benchmark still top quartile. MFS is kind of a median but below their benchmark. Lord Abbett was below the benchmark and also bottom quartile. On a one-year basis, fairly strong returns up 14% compared to 16%. Dodge and Cox struggled over the last year. Given their turn around this quarter, they are hoping to have a recovery offsetting some of the downturn relative to performance they saw in 2015.

Fixed income with C.S. McKee shows they are performing in line with the overall aggregate. They are up about 0.5% for the quarter similar and on a one-year basis, up 5.5% versus 5.2%. That is better than the policy but just below the median.

There has been some varied performance but overall the Portfolio has done a good job being more conservative a 53% to 47% type portfolio and generating good, consistent returns for a health plan. There are no recommendations or changes needed.

Trustee commented on page 19 looking at target allocations being more conservative in the VEBA than the Retirement Fund. He asked why it is more conservative than the Retirement Fund. Mr. Pohl stated he would be glad to comment further next time. He stated the general idea going back was that the needs on this fund and variances of distributions are not quite as steady as you find in the defined benefit plan. The idea was to be more protective. He stated that in this case, knowing what the future cash flows are going to be would be and impact that overall mix. If they could get some projections on that, it would be helpful to answer whether one could take more risk. Trustee believes since it is underfunded it needs to grow more aggressively than the Retirement Fund and wants to know why we would want to have the assets sitting there in bonds.

Mr. Brown stated it is really based on the timing of the cash flow needs. Typically an insurance plan has a time frame that is much shorter such as 1 to 5 years for anticipated cash flows. If it is funded better, you can have a longer time frame. With the Pension Fund, the time frame is significantly longer such as 30 to 50 years so we can be more aggressive and we can weather volatility. Mr. Brown and Mr. Pohl stated they could come back next meeting and go over some of that. Mr. Brown stated they will discuss with staff and

MINUTES BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION (VEBA)
NOVEMBER 15, 2016 - REGULAR MINUTES

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counsel and talk about historical timing, cash flows and liquidity needs.

Ms. Walraven stated the Board had reviewed and approved the VEBA Investment Policy in March so it would be appropriate to address it on an annual basis.

MOTION 38: Moved, supported and carried to receive the 3rd quarter report from The Bogdahn Group.

RES. 2016-18:

Moved, supported and carried to adopt resolution 2016-18 to receive the monthly reports Portfolio Value ending 10/31/16 (Today's value 45,616,000), Monthly Change in Book and Market Value ending 9/30/16, C.S. McKee performance report ending 9/30/16, Capis Recapture services ending 9/30/16, VEBA YTD Budget Report ending 10/31/2016, and Approved Invoices Report ending 10/31/16.

RES NO 2016-19:

Moved, supported and carried to approve the 2017 Speaker Schedule.

ANNOUNCEMENTS:

- A. Next regularly scheduled meeting will be Tuesday, December 13, 2016 immediately following the Retirement Board of Trustees Meeting at approximately 2:30 p.m. in Commissioner's Chambers, 515 Center Avenue - 4th Floor, Bay City, MI 48708.

UNFINISHED BUSINESS:

Trustee Starkweather commented that the Pension fund was paying out about \$1.5 million a month and that shows up in the reports we look at in investment returns. He asked if there was an equivalent type of report for the VEBA. Chairman states he does not believe anyone is currently drawing out of the VEBA. Trustee Starkweather asked if it was anticipated that will happen. Chairman Gray stated, as Mr. Brzezinski alluded to earlier, that Behavioral Health was at a point where they could, but most units do not have enough in the fund to take payments out of it at this point. Trustee Starkweather asked if there was a report that shows each entity similar to the report for the Pension Fund. Ms. Meeth stated the VEBA actuary report would be coming out in a few months. Trustee Starkweather stated he would like to eventually see a report for the VEBA as is done for the Pension fund showing how each entity is relative to their fund and what they are putting in and so on.

NEW BUSINESS:

MISCELLANEOUS BUSINESS: None

MINUTES BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION (**VEBA**)
MASTER COPY MINUTES VEBA
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ADJOURNMENT:

MOTION 39: Moved, supported and carried to adjourn the meeting at 2:25 p.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Jan M. Histed".

Jan Histed
Secretary

Transcribed by: Tracy Cederquist

MEETING OF THE **VEBA** BOARD OF TRUSTEES COMMITTEE

NOVEMBER 15, 2016

IN THE BOARD OF COMMISSIONER'S CHAMBERS, LOCATED AT 515 CENTER AVENUE, 4TH
FLOOR, BAY CITY, MI 48708

MOTIONS

Trustee	36	37	38	39					
BRZEZINSKI	Y	Y	Y	Y					
COONAN	Y	Y	Y	Y					
GONZALES	Y	Y	Y	Y					
GRAY	Y	Y	Y	Y					
GROMASKI	S-Y	S-Y	S-Y	S-Y					
KRYGIER	M-Y	M-Y	M-Y	M-Y					
MORSE	Y	Y	Y	Y					
PETT	E	E	E	E					
STARKWEATHER	Y	Y	Y	Y					

RESOLUTIONS

Trustee	2016-18	2016-19							
BRZEZINSKI	S-Y	Y							
COONAN	M-Y	M-Y							
GONZALES	Y	Y							
GRAY	Y	Y							
GROMASKI	Y	Y							
KRYGIER	Y	S-Y							
MORSE	Y	Y							
PETT	E	E							
STARKWEATHER	Y	Y							

**BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION
12/13/2016
RESOLUTION**

BY: BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY
ASSOCIATION BOARD

RESOLVED By the Bay County Voluntary Employees' Beneficiary Association Board that the following reports are received:

1. PORTFOLIO VALUE - 1/1/16 - 11/30/16
2. CHANGE IN BOOK AND MARKET VALUE – 10/31/16
3. MONEY MANAGER REPORTS
 - a. C.S. MCKEE – ENDING 10/31/16
 - b. MFS – ENDING 1/31/16
4. RECAPTURES SERVICES
 - a. CAPIS - SUMMARY ENDING 10/31/16
5. VEBA YTD BUDGET REPORT – ENDING 11/30/16
6. INVOICES APPROVED - 11/30/16

STEVE GRAY, CHAIR
AND BOARD

MONTHLY REPORTS - DECEMBER

MOVED BY TRUSTEE _____

SUPPORTED BY TRUSTEE _____

TRUSTEE	Y	N	E	TRUSTEE	Y	N	E	TRUSTEE	Y	N	E
Richard Brzezinski				Steve Gray				Jon Morse			
Kim Coonan				Richard Gromaski				Matthew Pett			
Kristal Gonzales				Ernie Krygier				Thomas Starkweather			

Vote Totals:

Roll Call: Yeas_____ Nays_____ Excused _____

Voice: Yeas_____ Nays_____ Excused _____

Disposition: Adopted_____ Defeated_____ Withdrawn_____

Amended_____ Corrected_____ Referred _____

VEBA 2016	<u>DODGE & COX</u> <small>no vendor number. Mutual Fund Mgrs (as opposed to separately managed mgrs) deduct fee from portfolio.</small>	<u>CASH</u>	<u>ATALANTA</u> <u>SOSNOFF</u>	<u>LORD ABBOTT</u> <small>no vendor number. Mutual Fund Mgrs (as opposed to separately managed mgrs) deduct fee from portfolio.</small>	<u>CS MCKEE</u>	<u>MFS</u>	<u>TOTAL</u>
VENDOR #			1061		3509		
January-16	8,556,306.57	268,524.93	1,489.48	6,685,474.41	16,476,306.40	9,247,614.05	41,235,715.84
February-16	8,497,608.96	343,039.83	1,489.77	6,712,509.32	16,628,173.94	9,082,194.27	41,265,016.09
March-16	9,095,868.65	349,177.88	1,490.08	7,268,656.04	16,816,245.91	9,589,722.49	43,121,161.05
April-16	9,288,597.33	273,273.00	1,490.38	7,326,587.99	16,885,959.11	9,548,266.79	43,324,174.60
May-16	8,361,507.07	132,628.36		8,586,314.73	18,592,843.35	8,292,708.42	43,966,001.93
June-16	8,141,156.33	118,995.01		8,554,013.32	18,846,484.64	8,225,489.79	43,886,139.09
July-16	8,576,851.32	155,072.92		8,850,965.32	18,965,859.64	8,639,450.47	45,188,199.67
August-16	8,752,765.73	227,327.87		8,957,336.18	18,952,590.64	8,580,030.06	45,470,050.48
September-16	8,856,759.99	147,452.69		8,930,743.47	18,936,681.48	8,593,769.23	45,465,406.86
October-16	8,833,680.83	188,237.37		8,713,569.62	18,812,230.09	8,437,746.86	44,985,464.77
November-16	9,683,507.08	162,752.86		9,395,183.25	18,445,153.79	8,406,095.87	46,092,692.85
December-16							0.00

ATALANTA SOSNOFF LARGE CAP EQUITY

CS MCKEE FIXED INCOME

DODGE & COX LARGE CAP EQUITY

LORD ABBETT SMALL MID CAP EQUITY

	<u>DODGE & COX</u>	<u>ATALANTA</u> <u>SOSNOFF</u> VENDOR 1061	<u>ABBOTT</u>	<u>CS MCKEE</u> VENDOR 3509	<u>MFS</u>	<u>TOTAL</u>
2016						
1ST QTR				12,612.18	13,342.55	25,954.73
2ND QTR				14,148.91	12,633.06	26,781.97
3RD QTR				14,204.25		14,204.25
4TH QTR						0.00
		0.00		40,965.34		40,965.34

Reconciliations

01 Oct 16 - 31 Oct 16

Account number BCVEBA

BAY COUNTY VEBA CONSOLIDATED

◆ Change In Book and Market Value

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	Cost	Market Value	For more information
Opening balance	40,094,869.05	45,465,406.86	
Sponsor Contributions	28,025.89	28,025.89	See funding & disbursement summary
Interportfolio Transfers In	12,624.03	12,624.03	See funding & disbursement summary
Total receipts	40,649.92	40,649.92	See funding & disbursement summary
Income received	24,623.49	24,623.49	See income & expense summary, cash activity detail
Expenses paid	-48.90	-48.90	See income & expense summary
Unrealized gain/loss change	0.00	-572,262.52	See asset summary
Realized gain/loss	7,114.81	7,114.81	See realized gain/loss summary
Accrued income change	19,981.11	19,981.11	See income & expense summary
Closing balance	40,187,189.48	44,985,464.77	

Although this report has been prepared using information believed to be reliable, it may contain information provided by third parties or derived from third party information, and/or information that may have been obtained from, categorized or otherwise reported based upon client direction. The Northern Trust Company does not guarantee the accuracy, timeliness or completeness of any such information. The information included in this report is intended to assist clients with their financial reporting needs, but you must consult with your accountants, auditors and/or legal counsel to ensure your accounting and financial reporting complies with applicable laws, regulations and accounting guidance. The Northern Trust Company and its affiliates shall have no responsibility for the consequences of investment decisions made in reliance on information contained in this report.

C.S. McKee, L.P.

Account Overview

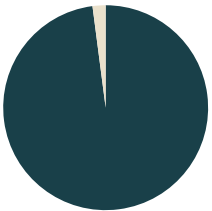
Bay County VEBA

Client Code: 90477
As Of Date: 10/31/2016
Report: Calendar

Asset Allocation

As of 10/31/2016

Large-Cap Equity	\$	-	0.00%
Small-Cap Equity	\$	-	0.00%
Fixed Income	\$	18,429,932.84	97.95%
Intl Mutual Fund	\$	-	0.00%
Cash	\$	386,680.06	2.05%
Other	\$	-	0.00%
Total Portfolio:	\$	18,816,612.90	100.00%



Performance

As of 10/31/2016

Portfolio Summary - Month-to-Date		Total Portfolio	Large-Cap Equity		Small-Cap Equity		Total Domestic Equity		Fixed Income		Intl Mutual Fund	
Beginning Market Value:		18,939,000.26	-		-		-		18,939,000.26		-	
Net Contributions (Distributions):		-	-		-		-		-		-	
Income:		22,173.09	-		-		-		22,173.09		-	
Market Appreciation (Depreciation):		(144,560.46)	-		-		-		(144,560.46)		-	
Ending Market Value:		18,816,612.90	-		-		-		18,816,612.90		-	
Dollar-Weighted Return:		(0.65%)	-		-		-		(0.65%)		-	
Time-Weighted Returns		Total Portfolio	Large-Cap Equity		Small-Cap Equity		Total Domestic Equity		Fixed Income		Intl Mutual Fund	
Performance Start Date:		2/7/2012	N/A		N/A		N/A		2/7/2012		N/A	
			Ex Cash		Ex Cash		Ex Cash		Ex Cash			
MTD	Gross	(0.65%)	-	-	-	-	-	-	(0.65%)	(0.65%)	-	-
	Benchmark	(0.76%)	-	-	-	-	-	-	(0.76%)	(0.76%)	-	-
	Value Added (Gross)	0.11%	-	-	-	-	-	-	0.11%	0.11%	-	-
QTD	Gross	(0.65%)	-	-	-	-	-	-	(0.65%)	(0.65%)	-	-
	Benchmark	(0.76%)	-	-	-	-	-	-	(0.76%)	(0.76%)	-	-
	Value Added (Gross)	0.11%	-	-	-	-	-	-	0.11%	0.11%	-	-
YTD	Gross	4.98%	-	-	-	-	-	-	4.98%	5.10%	-	-
	Benchmark	4.99%	-	-	-	-	-	-	4.99%	4.99%	-	-
	Value Added (Gross)	(0.01%)	-	-	-	-	-	-	(0.01%)	0.11%	-	-
1 Year	Gross	4.64%	-	-	-	-	-	-	4.64%	4.79%	-	-
	Benchmark	4.37%	-	-	-	-	-	-	4.37%	4.37%	-	-
	Value Added (Gross)	0.27%	-	-	-	-	-	-	0.27%	0.42%	-	-
3 Year	Gross	4.01%	-	-	-	-	-	-	4.01%	4.11%	-	-
	Benchmark	3.48%	-	-	-	-	-	-	3.48%	3.48%	-	-
	Value Added (Gross)	0.53%	-	-	-	-	-	-	0.53%	0.63%	-	-
5 Year	Gross	0.00%	-	-	-	-	-	-	0.00%	0.00%	-	-
	Benchmark	0.00%	-	-	-	-	-	-	0.00%	0.00%	-	-
	Value Added (Gross)	0.00%	-	-	-	-	-	-	0.00%	0.00%	-	-
ITD	Gross	3.13%	-	-	-	-	-	-	3.13%	3.24%	-	-
	Benchmark	2.69%	-	-	-	-	-	-	2.69%	2.69%	-	-
	Value Added (Gross)	0.44%	-	-	-	-	-	-	0.44%	0.55%	-	-

Benchmark History

2/7/2012
BCAGG 100%

Total Portfolio

Large-Cap Equity

Small-Cap Equity

Total Domestic Equity

Fixed Income

Intl Mutual Fund

2/7/2012
BCAGG 100%

Bay County Voluntary Employees' Beneficiary Association Trust

Growth Equity



31 October 2016

Performance results (%) gross and net of fees (USD)	Portfolio		Benchmark [^]	Excess returns Net vs benchmark
	Gross of fees	Net of fees		
October 2016	-1.82	-1.86	-2.35	0.49
2016 YTD	2.40	1.91	3.51	-1.60
Since client inception (30-Dec-15)	0.67	0.19	1.72	-1.53

Source for benchmark performance: SPAR, FactSet Research Systems Inc. All periods greater than one year are annualized.

Past performance is no guarantee of future results.

[^] Russell 1000® Growth Index

Asset summary (USD)	
Beginning value as of 30-Sep-16	8,593,725
Contributions	0
Withdrawals	0
Change in market value	-155,992
Ending value as of 31-Oct-16	8,437,734

Characteristics	Portfolio	Benchmark ^{^^}
IBES long-term EPS growth - weighted average ¹	17.5%	14.0%
Price/earnings (12 months forward ex-negative earnings) - weighted average	22.4x	18.4x
Market capitalization (USD) ²	142.5 bn	153.4 bn
Top ten holdings	34%	26%
Number of holdings	86	604
Barra predicted tracking error ³	2.49%	—

¹ Source: Thomson Reuters

² Weighted average.

³ Source: Barra

No forecasts can be guaranteed.

Portfolio characteristics are based on equivalent exposure, which measures how a portfolio's value would change due to price changes in an asset held either directly or, in the case of a derivative contract, indirectly. The market value of the holding may differ.

Top 10 issuers	Sector	% of Portfolio
ALPHABET INC	Technology	6.8
FACEBOOK INC	Technology	5.0
AMAZON.COM INC	Retailing	4.7
VISA INC	Financial Services	3.9
MICROSOFT CORP	Technology	3.3
MASTERCARD INC (EQ)	Financial Services	2.8
ADOBE SYSTEMS INC	Technology	2.7
THERMO FISHER SCIENTIFIC INC	Health Care	2.3
SBA COMMUNICATIONS CORP	Utilities & Communications	2.1
DANAHER CORP	Health Care	2.0

Sectors (%)	Portfolio	Benchmark ^{^^}
Technology	25.2	25.6
Health Care	15.2	15.7
Retailing	12.8	10.9
Financial Services	10.3	6.4
Leisure	8.0	10.5
Special Products & Services	8.0	5.5
Consumer Staples	5.8	7.9
Industrial Goods & Services	4.1	6.7
Autos & Housing	3.0	2.2
Utilities & Communications	2.1	2.1
Transportation	1.7	2.1
Energy	1.2	0.4
Basic Materials	1.1	3.9
1.6% Cash & cash equivalents		

FOR EXISTING INSTITUTIONAL CLIENT USE ONLY.
MFS Institutional Advisors, Inc.

^{^^} Russell 1000® Growth Index

FOR MORE INFORMATION CONTACT

Kimberly Hyland, Director, Relationship Management
Phone: +1 617 954 5575
Email: khyland@mfs.com

Thomas Shanley, Client Service Manager
Phone: +1 617 954 7492
Email: tshanley@mfs.com

Bay County Voluntary Employees' Beneficiary Association Trust - Growth Equity
BYS
Valuation Summary
31-Oct-16
Portfolio Currency: USD

	Cost	Market Value	Accrued Income	Total Value	Total Value
CASH	136,002.34	136,002.34	0.00	136,002.34	1.61 %
COMMON STOCK	8,010,487.26	8,234,229.61	2,209.40	8,236,439.01	97.61 %
ADR	63,972.49	65,292.23	0.00	65,292.23	.77 %
	8,210,462.09	8,435,524.18	2,209.40	8,437,733.58	100.00 %
<hr/>					
Accrued Income:		2,209.40			
Total Value:		8,437,733.58			

This report contains trade date position values, calculated by MFS. This is not the official book of record for the account. Cash is a net cash balance comprised of cash on deposit, and payables and receivables that have not settled.

Bay County Voluntary Employees' Beneficiary Association Trust - Growth Equity
BYS

Valuation Summary by Country

31-Oct-16

Portfolio Currency: USD

Issuer Country	Cost	Market Value	Accrued Income	Total Value	Total Value
CASH					
United States	136,002.34	136,002.34	0.00	136,002.34	1.61%
	136,002.34	136,002.34	0.00	136,002.34	1.61%
COMMON STOCK					
Canada	67,475.32	73,338.48	0.00	73,338.48	0.87%
United States	7,943,011.94	8,160,891.13	2,209.40	8,163,100.53	96.75%
	8,010,487.26	8,234,229.61	2,209.40	8,236,439.01	97.61%
ADR					
France	63,972.49	65,292.23	0.00	65,292.23	0.77%
	63,972.49	65,292.23	0.00	65,292.23	0.77%
Portfolio Totals:	8,210,462.09	8,435,524.18	2,209.40	8,437,733.58	100.00%
Accrued Income:		2,209.40			
Total Value:		8,437,733.58			

This report contains trade date position values, calculated by MFS. This is not the official book of record for the account. Cash is a net cash balance comprised of cash on deposit, and payables and receivables that have not settled.

Bay County Voluntary Employees' Beneficiary Association Trust
Growth Equity
Report as of 31 October 2016

Performance results (%) gross and net of fees (USD)

Period	Portfolio gross	Portfolio net	Benchmark^	Excess^^
October	-1.82	-1.86	-2.35	0.49
3Q 2016	4.48	4.33	4.58	-0.25
2Q 2016	1.43	1.28	0.61	0.67
1Q 2016	-1.58	-1.72	0.74	-2.46
2016 YTD	2.40	1.91	3.51	-1.60
Since client inception (30-Dec-15)	0.67	0.19	1.72	-1.52

Source for benchmark performance: SPAR, FactSet Research Systems Inc.

All periods greater than one year are annualized.

Past performance is no guarantee of future results.

^ Russell 1000® Growth Index

^^ Excess return net vs benchmark (%)

FOR EXISTING INSTITUTIONAL CLIENT USE ONLY.

MFS Institutional Advisors, Inc.

31016

Bay County Employees' VEBA

CAPIS Account: 10250

Settlement Month Ending: 10/31/2016

TOTAL COMMISSION

COMMISSION ALLOCATION

Beginning Balance

U.S. Equity
International Equity
Fixed Income
International Fixed Income
New Issues
Options
Futures
Foreign Currency
Syndicates

Recapture Subtotals

Execution

Directed

Correspondent Broker/Dealer

Total

	<u>October</u>	<u>YTD</u>
Beginning Balance		
U.S. Equity	-	-
International Equity	-	-
Fixed Income	-	-
International Fixed Income	-	-
New Issues	-	-
Options	-	-
Futures	-	-
Foreign Currency	-	-
Syndicates	-	-
Recapture Subtotals	\$ 0.00	\$ 0.00
Execution	\$ 0.00	\$ 0.00
Directed	\$ 0.00	\$ 0.00
Correspondent Broker/Dealer	\$ 0.00	\$ 0.00
Total	\$ 0.00	\$ 0.00

Execution

Recapture

	<u>October</u>	<u>YTD</u>	<u>October</u>	<u>YTD</u>
			\$0.00	\$63.25
U.S. Equity	-	-	-	-
International Equity	-	-	-	-
Fixed Income	-	-	-	-
International Fixed Income	-	-	-	-
New Issues	-	-	-	-
Options	-	-	-	-
Futures	-	-	-	-
Foreign Currency	-	-	-	-
Syndicates	-	-	-	-
Execution	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

Total Earned \$ 0.00 \$ 0.00

Total Redeemed \$ 0.00 \$ 63.25

Balance as of 10/31/2016 \$ 0.00 \$ 0.00

Bay County Employees' VEBA

CAPIS Account: 10250

Settlement Month Ending: 10/31/2016

Summary of Segregated Account Detail

	October	YTD
Payment from Segregated Account	\$ 0.00	\$ 63.25
	\$ 0.00	\$ 63.25

Voucher Amount

Segregated Account Detail

Service Period	Comments/Notes	Vendor Invoice #	Date Paid	October	Prior Months	YTD	Mixed Use %
Payment from Segregated Account							
December 2015	Commission Recapture	305658	Bay Count 01/15/2016		\$ 63.25		
		Payment from Segregated Account Total		\$ 0.00	\$ 63.25	\$ 63.25	
		Grand Total		\$ 0.00	\$ 63.25	\$ 63.25	

VEBA YTD BUDGET REPORT

ACCOUNT DESCRIPTION	ORIGINAL APPROP	TRANSFRS/ADJSMTS	REVISED BUDGET	YTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	% USED
FUND BALANCE	-	-	-	-	-	-	0.00%
NET ASSETS - RESERVES	1,685,865.00	-	1,685,865.00	-	-	1,685,865.00	0.00%
Total RA FUND BALANCE, NET AS	1,685,865.00	-	1,685,865.00	-	-	1,685,865.00	0.00%
ER CONTR-BEHAVE.HEALTH	(250,000.00)	-	(250,000.00)	(4,000.00)	-	(246,000.00)	1.60%
ER CONTR-MOSQUITO CONT	-	-	-	-	-	-	0.00%
ER CONTR-HEALTH FUND	-	-	-	-	-	-	0.00%
ER CONTR-ROAD COMMISS.	-	-	-	-	-	-	0.00%
ER CONTR-LIBRARY	(48,000.00)	-	(48,000.00)	(32,000.00)	-	(16,000.00)	66.70%
ER CONTR-GOLF COURSE	-	-	-	-	-	-	0.00%
ER CONTR-GENERAL FUND	-	-	-	-	-	-	0.00%
ER CONTR-DWS	(32,000.00)	-	(32,000.00)	(67,697.80)	-	35,697.80	211.60%
ER CONTR-911 SERVICE	-	-	-	-	-	-	0.00%
ER CONTR-CHILD CARE	-	-	-	-	-	-	0.00%
ER CONTR-DIV ON AGING	-	-	-	-	-	-	0.00%
ER CONTR-RETIRE SYSTEM	-	-	-	-	-	-	0.00%
ER CONTR-GYPSY MOTH	-	-	-	-	-	-	0.00%
ER CONTR-HOME REHABIL.	-	-	-	-	-	-	0.00%
ER CONTR-100% TAX PYMT	-	-	-	-	-	-	0.00%
ER CONTR-MED CARE FAC.	(250,000.00)	-	(250,000.00)	(151,990.12)	-	(98,009.88)	60.80%
ER CONTR-SELF INSURANC	-	-	-	-	-	-	0.00%
ER CONTR-COMM.CORRECT.	-	-	-	-	-	-	0.00%
ER CONTR-F.O.C. FUND	-	-	-	-	-	-	0.00%
ER CONTR-HOUSING FUND	-	-	-	-	-	-	0.00%
ER CONTR-SOLDIER RELIE	-	-	-	-	-	-	0.00%
ER CONTR-SHERIFF DEPT	-	-	-	-	-	-	0.00%
Total RJ LOCAL UNIT CONTRIBUT	(580,000.00)	-	(580,000.00)	(255,687.92)	-	(324,312.08)	44.10%
INVESTMENT INTEREST/DIVIDENDS	(500,000.00)	-	(500,000.00)	(435,368.89)	-	(64,631.11)	87.10%
GAIN ON SALE OF INVESTMENTS	(1,200,000.00)	-	(1,200,000.00)	(935,103.24)	-	(264,896.76)	77.90%
UNREALIZED GAIN ON INVESTMENTS	-	-	-	-	-	-	0.00%
SECURITIES LENDING EARNINGS	-	-	-	(6,470.34)	-	6,470.34	100.00%
Total RP INTEREST & RENTALS	(1,700,000.00)	-	(1,700,000.00)	(1,376,942.47)	-	(323,057.53)	81.00%
MISCELLANEOUS REVENUES	-	-	-	-	-	-	0.00%
COMMISSION RECAPTURE	(6,900.00)	-	(6,900.00)	(63.25)	-	(6,836.75)	0.90%
Total RR OTHER REVENUE	(6,900.00)	-	(6,900.00)	(63.25)	-	(6,836.75)	0.90%
PER DIEM	360.00	-	360.00	-	-	360.00	0.00%
Total XE WAGES & SALARIES	360.00	-	360.00	-	-	360.00	0.00%
OFFICE SUPPLIES	100.00	-	100.00	-	-	100.00	0.00%
PRINTING AND BINDING	150.00	-	150.00	-	-	150.00	0.00%

ACCOUNT DESCRIPTION	ORIGINAL APPROP	TRANFRS/ADJSMTS	REVISED BUDGET	YTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	% USED
FUND BALANCE	-	-	-	-	-	-	0.00%
NET ASSETS - RESERVES	1,685,865.00	-	1,685,865.00	-	-	1,685,865.00	0.00%
POSTAGE	100.00	-	100.00	-	-	100.00	0.00%
COMPUTER SUPPLIES	50.00	-	50.00	-	-	50.00	0.00%
Total XI SUPPLIES	400.00	-	400.00	-	-	400.00	0.00%
PROFESSIONAL SERVICES	130,000.00	-	130,000.00	54,328.05	-	75,671.95	41.80%
ACTUARIAL SERVICES	39,300.00	-	39,300.00	1,975.00	-	37,325.00	5.00%
INVESTMENT/BANK SERVICE CHARGE	30,000.00	-	30,000.00	70,748.97	-	(40,748.97)	235.80%
LEGAL FEES	7,500.00	-	7,500.00	-	-	7,500.00	0.00%
CONSULTANTS	30,000.00	-	30,000.00	16,000.00	-	14,000.00	53.30%
LOCAL TRAVEL MILEAGE	-	-	-	-	-	-	0.00%
EQUIPMENT RENTAL-COPY MACHINES	55.00	-	55.00	-	-	55.00	0.00%
INDIRECT COST EXPENSE	10,420.00	-	10,420.00	8,683.33	-	1,736.67	83.30%
LOSS ON DISPOSAL OF ASSET	350,000.00	-	350,000.00	299,795.09	-	50,204.91	85.70%
UNREALIZED LOSS ON INVESTMENTS	-	-	-	-	-	-	0.00%
INSURANCE AND BONDS	3,000.00	-	3,000.00	3,125.63	-	(125.63)	104.20%
Total XL OTHER SERVICES AND C	600,275.00	-	600,275.00	454,656.07	-	145,618.93	75.70%
Total 73627401 VOL.EMPLOYEE BENEF.A	-	-	-	(1,178,037.57)	-	1,178,037.57	100.00%
Total 7360 PUBLIC EMPLOYEE HEALTH C	-	-	-	(1,178,037.57)	-	1,178,037.57	100.00%
Revenue Total	(601,035.00)	-	(601,035.00)	(1,632,693.64)	-	1,031,658.64	271.60%
Expense Total	601,035.00	-	601,035.00	454,656.07	-	146,378.93	75.60%
Grand Total	-	-	-	(1,178,037.57)	-	1,178,037.57	100.00%

VEBA

Invoices Approved:

Nov-16

Invoice Date	Vendor	Amount	Description
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NOTICE OF PUBLIC MEETINGS

THE BOARD OF TRUSTEES OF THE BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION, 515 CENTER AVENUE, 3rd FLOOR, BAY CITY, MICHIGAN 48708, PHONE NUMBER (989) 895-4030, HAS SCHEDULED REGULAR MEETINGS FOR 2017. ALL MEETINGS WILL BE HELD AT **1:30 P.M. (*except as noted)** IN THE **BOARD OF COMMISSIONERS CHAMBERS**, LOCATED IN THE BAY COUNTY BUILDING, 515 CENTER AVENUE, **4TH FLOOR**, BAY CITY, MI 48708.

JANUARY 10, 2017
FEBRUARY 14, 2017
MARCH 14, 2017
APRIL 11, 2017
* APRIL 20, 2017 - 9:00 A.M.
MAY 9, 2017
JUNE 13, 2017
JULY 11, 2017
AUGUST 8, 2017
SEPTEMBER 12, 2017
OCTOBER 10, 2017
* OCTOBER 17, 2017 - 8:30 A.M.
NOVEMBER 14, 2017
DECEMBER 12, 2017

Date _____

Jan Histed
Finance Officer/Secretary
Bay County Employees' Retirement System, Board of
Trustees

The County of Bay will provide reasonable and necessary auxiliary aids and services, such as signers for the hearing impaired and audio tapes of printed materials being considered at the meeting, to individuals with disabilities at the meeting/hearing upon ten days' notice to the County of Bay. Individuals with disabilities requiring auxiliary aids or services should contact the County of Bay by calling or writing: Amber Davis-Johnson, ADA Coordinator, Office of Corporation Counsel, 515 Center Avenue, Suite 402, Bay City, MI 48708, (989) 895-4131 or (989) 895-4049. TDD

**BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION
12/13/2016
RESOLUTION**

BY: BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION BOARD

WHEREAS, **15.265 Public notice of regular meetings, change in schedule of regular meetings, rescheduled regular meetings, or special meetings; time for posting; statement of date, time, and place; applicability of subsection (4); recess or adjournment; emergency sessions; meeting in residential dwelling; notice.** [M.S.A. 4.1800(15)] Sec. 5. (2) For regular meetings of a public body, there shall be posted within 10 days after the first meeting of the public body in each calendar or fiscal year a public notice stating the dates, times, and places of its regular meetings.

WHEREAS, To comply with the Public Meetings Act, the Bay County Voluntary Employees' Beneficiary Association Board of Trustees posts a notice of public meetings; Therefore, Be It

RESOLVED That this Board approve the notice of public meetings for 2017.

STEVE GRAY, CHAIR
AND BOARD

RESOLUTION – PUBLIC MEETINGS NOTICE

MOVED BY TRUSTEE _____

SUPPORTED BY TRUSTEE _____

TRUSTEE	Y	N	E	TRUSTEE	Y	N	E	TRUSTEE	Y	N	E
Richard Brzezinski				Steve Gray				Jon Morse			
Kim Coonan				Richard Gromaski				Matthew Pett			
Kristal Gonzales				Ernie Krygier				Thomas Starkweather			

Vote Totals:

Roll Call: Yeas_____ Nays_____ Excused _____

Voice: Yeas_____ Nays_____ Excused _____

Disposition: Adopted_____ Defeated_____ Withdrawn_____

Amended_____ Corrected_____ Referred _____



**BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM
BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION**

BAY COUNTY BUILDING
515 CENTER AVENUE
BAY CITY, MICHIGAN 48708-5128

Thomas L. Hickner
Bay County Executive

Jan Histed
Finance Officer/Secretary

BOARD OF TRUSTEES
Steven Gray, Chairperson
Richard Brzezinski
Kim Coonan
Kristal Goetz
Richard Gromaski
Ernie Krygier
Jon Morse
Matthew Pett
Thomas Starkweather

ADMINISTRATIVE STAFF
Rebecca Marsters
Katie Meeth
(989) 895-4043
TDD (989) 895-4049
FAX (989) 895-4039

TO: Steven Gray, Chairman Bay County Voluntary Employees' Beneficiary Association
FROM: Jan Histed, ^{JP}Secretary, Bay County Voluntary Employees' Beneficiary Association
DATE: December 6, 2016
RE: **REVISED** Annual Budget Approval for Fiscal Year 2017

BACKGROUND:

Annual renewal of Bay County Employees' Beneficiary Association – VEBA operating budget. The 2017 VEBA budget was prepared using all known estimates and calculations at this time for revenue and expenditures. This **revised** budget includes all final adjustments based on ratified union contract agreements. The 2017 Budget is for the budget period of January 1, 2017 through December 31, 2017.

FINACIAL INFORMATION:

The 2017 **revised** budgeted expenditures are submitted at \$546,850 which is a reduction of (\$54,455) over the 2016 budgeted expenditures in the amount of \$601,035.

The 2017 VEBA Fund **revised** revenue is budgeted at \$2,286,900 which is the same level as the Fiscal Year 2016 budgeted revenue.

RECOMMENDATION:

THAT THE BOARD APPROVE THE **REVISED** ANNUAL 2017 BUDGET AS SUBMITTED

VEBA NEXT YEAR BUDGET HISTORICAL COMPARISON

ACCOUNTS FOR:		2015 ACTUALS	2016 ACTUALS	2016 REVISED BUDGET	2017 BUDGET	
73627401	VOL.EMPLOYEE BENEF.ASSOC.BOARD					
RA	FUND BALANCE					
73627401	40001 FUND BALANCE	-	-	-		
73627401	40004 NET ASSETS - RESERVES	-	-	1,685,865.00	1,740,320.00	
TOTAL	FUND BALANCE	-	-	1,685,865.00	1,740,320.00	
RJ	LOCAL UNIT CONTRIBUT					
73627401	59401 ER CONTR-BEHAVE.HEALTH	-	-	(250,000.00)	(250,000.00)	
73627401	59406 ER CONTR-LIBRARY	(48,000.00)	(28,000.00)	(48,000.00)	(48,000.00)	
73627401	59409 ER CONTR-DWS	(35,294.45)	(53,660.73)	(32,000.00)	(32,000.00)	
73627401	59419 ER CONTR-MED CARE FAC.	(254,267.93)	(117,494.92)	(250,000.00)	(250,000.00)	
TOTAL	LOCAL UNIT CONTRIBUT	(337,562.38)	(199,155.65)	(580,000.00)	(580,000.00)	
RP	INTEREST & RENTALS					
73627401	66400 INVESTMENT INTEREST/DIVIDENDS	(714,543.95)	(268,281.06)	(500,000.00)	(500,000.00)	
73627401	66500 GAIN ON SALE OF INVESTMENTS	(2,919,199.63)	(857,972.86)	(1,200,000.00)	(1,200,000.00)	
73627401	66600 SECURITIES LENDING EARNINGS	(894.20)	(5,519.02)	-	-	
TOTAL	INTEREST & RENTALS	(3,634,637.78)	(1,131,772.94)	(1,700,000.00)	(1,700,000.00)	
RR	OTHER REVENUE					
73627401	69000 COMMISSION RECAPTURE	(8,037.09)	208.62	(6,900.00)	(6,900.00)	
TOTAL	OTHER REVENUE	(8,037.09)	208.62	(6,900.00)	(6,900.00)	
XE	WAGES & SALARIES					
73627401	71000 PER DIEM	-	-	360.00	360.00	
TOTAL	WAGES & SALARIES	-	-	360.00	360.00	
XI	SUPPLIES					
73627401	72700 OFFICE SUPPLIES	-	-	100.00	100.00	
73627401	72800 PRINTING AND BINDING	-	-	150.00	150.00	
73627401	72900 POSTAGE	4.34	-	100.00	100.00	
73627401	75100 COMPUTER SUPPLIES	-	-	50.00	50.00	
TOTAL	SUPPLIES	4.34	-	400.00	400.00	
XL	OTHER SERVICES AND C					
73627401	80100 PROFESSIONAL SERVICES	106,610.38	40,123.80	130,000.00	130,000.00	
73627401	80101 ACTUARIAL SERVICES	39,300.00	-	39,300.00	-	*VALUATION DONE EVERY OTHER YEAR
73627401	81400 INVESTMENT/BANK SERVICE CHARGE	28,845.32	40,966.82	30,000.00	30,000.00	
73627401	81700 LEGAL FEES	-	-	7,500.00	-	*PER SHAWNA REMOVE
73627401	81900 CONSULTANTS	14,500.00	8,000.00	30,000.00	30,000.00	
73627401	86600 LOCAL TRAVEL MILEAGE	-	-	-	-	
73627401	94601 EQUIPMENT RENTAL-COPY MACHINES	-	-	55.00	55.00	
73627401	95600 INDIRECT COST EXPENSE	6,046.00	6,078.33	10,420.00	1,765.00	*Per Maximus
73627401	96200 LOSS ON DISPOSAL OF ASSET	556,488.02	247,158.49	350,000.00	350,000.00	
73627401	96201 UNREALIZED LOSS ON INVESTMENTS	2,904,643.41	-	-	-	
73627401	96500 INSURANCE AND BONDS	2,937.45	3,125.63	3,000.00	4,000.00	*BASED OFF LAST CHUBB INVOICE
TOTAL	OTHER SERVICES AND C	3,659,370.58	345,453.07	600,275.00	545,820.00	
TOTAL	VOL.EMPLOYEE BENEF.ASS	(320,862.33)	(985,266.90)	-		
TOTAL	PUBLIC EMPLOYEE HEALTH	(320,862.33)	(985,266.90)	-		
Total	TOTAL REVENUE			(601,035.00)	(546,580.00)	
Total	TOTAL EXPENSE			601,035.00	546,580.00	
Total	GRAND TOTAL				-	

**BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION
12/13/2016
RESOLUTION**

BY: ADMINISTRATION

WHEREAS, The 2017 VEBA Fund Budget was previously approved by resolution number 2016-16.

WHEREAS, The 2017 VEBA budget was prepared using all known estimates and calculations at this time for revenue and expenditures.

WHEREAS, This **revised** budget includes all final adjustments based on ratified union contract agreements. The 2017 Budget is for the budget period of January 1, 2017 through December 31, 2017.

WHEREAS, The 2017 **revised** budgeted expenditures are submitted at \$546,850 which is a reduction of (\$54,455) over the 2016 budgeted expenditures in the amount of \$601,035.

WHEREAS, The 2017 VEBA Fund **revised** revenue is budgeted at \$2,286,900 which is the same level as the Fiscal Year 2016 budgeted revenue; Therefore, Be It

RESOLVED That this board approve the **revised** annual 2017 budget as submitted.

STEVE GRAY, CHAIR
AND BOARD

RESOLUTION – 2017 REVISED BUDGET

MOVED BY TRUSTEE _____

SUPPORTED BY TRUSTEE _____

TRUSTEE	Y	N	E	TRUSTEE	Y	N	E	TRUSTEE	Y	N	E
Richard Brzezinski				Steve Gray				Jon Morse			
Kim Coonan				Richard Gromaski				Matthew Pett			
Kristal Gonzales				Ernie Krygier				Thomas Starkweather			

Vote Totals:

Roll Call: Yeas_____ Nays_____ Excused _____

Voice: Yeas_____ Nays_____ Excused _____

Disposition: Adopted_____ Defeated_____ Withdrawn_____

Amended_____ Corrected_____ Referred _____